

Message Text

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ACTION EB-08

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FM AMEMBASSY CARACAS
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E.O. 11652: NA
TAGS: EAIR, VE
SUBJECT: CIVAIR: ALLEGED VIOLATION OF US-GOV AGREEMENT ON
SOUTHBOUND AIRLINE CAPACITY

REF: (CA) CARACAS 3680; (B) CARACAS 3598; (C) CARACAS 3216

1. EMBASSY RECEIVED ON MAY 8 VERY STRONG VERBAL PROTESTS FROM TOP LEVEL CIVIL AVIATION OFFICIALS MARIANO TIRADO AND EDGAR SUAREZ, REGARDING WHAT THEY HAVE TERMED A CLEAR VIOLATION OF THE 1976 TECHNICAL COMMITTEE AGREEMENT. THE VIOLATION THEY CITE IS PAN AMERICAN'S SUSPENSION OF THE ONCE-WEEKLY B707 FLIGHT CARACAS -BUENOS AIRES ALLOWED IN THE 1976 AGREEMENT AND ITS REPLACEMENT WITH TWICE-WEEKLY B747 SERVICE CARACAS-RIO -BUENOS AIRES, SELLING DIRECT TICKETS CARACAS-BUENOS AIRES AND ADVERTISING THIS SERVICE. TIRADO AND SUAREZ STATE THAT PANAM UNILATERALLY BEGAN THE FLIGHTS, IN TIRADO'S AND SUAREZ' VIEW FLAUNTING THE BREAKING OF THE 1976 AGREEMENT AND DISREGARDING VENEZUELA'S AUTHORITY IN A WAY THAT CALLS FOR A STRONG GOV REACTION.

2. INITIALLY, TIRADO GAVE THE EMBASSY AND PANAM TWO HOURS TO ELIMINATE THIS SERVICE. LATER DISCUSSIONS BETWEEN EMBASSY AND TIRADO/SUAREZ AND PANAM AND TIRADO CALMED THE SITUATION SOMEWHAT,
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BUT THE GOV INSISTS THAT THE TWO 747 FLIGHTS TO BUENOS AIRES BE ELIMINATED OR SANCTIONS WILL BE IMPOSED.

3. PANAM'S MANAGER IN CARACAS HAS DISCUSSED THE MATTER WITH PANAM IN NEW YORK. PANAM MAINTAINS THAT THE NEW SERVICE IS NOT A DIRECT FLIGHT AND THE 747 SEATS WOULD NOT ALL BE AVAILABLE FOR CARACAS-BUENOS AIRES TRAFFIC. THE SPIRIT AND INTENT OF

THE TECHNICAL COMMITTEE AGREEMENT, PANAM ARGUES, WAS TO LOWER SOUTHBOUND CAPACITY AND PANAM CONSIDERS THAT THIS IS BEING DONE BY SUSPENDING ONE B707 FLIGHT. THUS, THE PANAM ARGUMENT GOES, THE CHANGE IS WITHIN THE SCOPE OF THE TECHNICAL COMMITTEE AGREEMENT. IN THE GOV VIEW, THIS INTERPRETATION IS QUESTIONABLE FOR TWO REASONS:

(1) MORE CARACAS-BUENOS AIRES TICKETS COULD BE SOLD ON THE TWO 747S THAN ON THE FORMER SINGLE 707, THUS RAISING INSTEAD OF LOWERING SOUTHBOUND CAPACITY;

(2) THE LETTER OF THE TECHNICAL COMMITTEE AGREEMENT IS TOO SPECIFIC TO ALLOW THIS INTERPRETATION. IT LISTS AS MAXIMUM CAPACITY ONE 70 TO BUENOS AIRES AND TWO 747S TO RIO ONLY; THIS DOES NOT ALLOW FOR THE OVERALL CAPACITY INTERPRETATION PANAM IS USING.

4. IN DISCUSSING THIS ISSUE SUAREZ STRESSED THAT GOV IS PARTICULARLY CONCERNED AT THE UNILATERAL WAY IN WHICH PANAM PROCEEDED. THE MORE ACCEPTABLE COURSE OF DISCUSSIONS BEFORE THE REQUEST COULD HAVE PRODUCED A SATISFACTORY OUTCOME.

5. PANAM NEW YORK HAS INFORMED PANAM MANGER CARACAS THAT IT INTENDS TO OBTAIN DEPARTMENT OF STATE AGREEMENT TO INSTRUCT THE EMBASSY TO SEND A NOTE TO THE GOV ON THE BASIS OF PANAM'S ARGUMENTS. GOV, HOWEVER, WILL NOT ACCEPT THE PANAM ARGUMENTS LIMITED OFFICIAL USE

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(AND WE THINK THEY ARE AT BEST MOOT) AND A NOTE BASED ON THEM WOULD NOT BE A USEFUL COURSE OF ACTION. THE BEST CHANCE FOR AN ACCEPTABLE SOLUTION, AND A HALT TO THE FURTHER DETERIORATION IN OUR CIVIL AVIATION RELATIONS, WOULD BE SUSPENSION OF THE NEW FLIGHT PATTERNS UNTIL PANAM -GOV CAN DISCUSS THIS IN A NON-COERCIVE ATMOSPHERE.

6. AS AN EARLY FOLLOW-ON, THE USG-GOV DISCUSSIONS REQUESTED IN REFTELS SHOULD BE UNDERTAKEN.
VAKY

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